

Message Text

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46

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 AGR-10 SP-02 AID-05

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

COME-00 L-03 H-02 AF-06 EA-10 NEA-10 USIE-00 INRE-00

CIAE-00 INR-07 NSAE-00 PRS-01 PA-02 FRB-01 IO-10

TAR-01 SSO-00 NSCE-00 /128 W
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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 274

INFO AMEMBASSY LONDON IMMEDIATE

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 5681

E. O. 11652: N/A

TAGS: ETRD, EAGR, BR, US

SUBJECT: COFFEE DISCUSSIONS - BRAZILIAN PRESS REACTIONS

REF: LONDON 10507

1. SUMMARY: BRAZILIAN PRESS REPORTED TODAY (JULY 10) THAT CALAZANS SAID IN LONDON THAT THE US AND OTHER CONSUMERS BROKE AN EARLIER PLEDGE TO BRAZIL BY DECLARING THAT THEY WOULD NOT ACCEPT PRICE GUARANTEES OR STOCK CONTROLS. END SUMMARY.

2. THE JULY 10 ISSUE OF THE LIBERAL AND NATIONALISTIC JORNAL DE BRASILIA CARRIED A FRONT PAGE STORY, UNDER THE HEADLINE "COFFEE: US BREAKS AGREEMENT WITH BRAZIL", REPORTING THAT:

--THE US ALLIED WITH WEST GERMANY AND THE SCANDINAVIAN COUNTRIES, YESTERDAY BROKE THEIR EARLIER PLEDGES TO BRAZIL AND OTHER COFFEE PRODUCERS: THEY WILL NOT ACCEPT PRICE GUARANTEES OR STOCK CONTROLS. AN AUTHORIZED GOB SOURCE SAID THAT,
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"THEY SIMPLY WANT LOW PRICES AND POWERLESS PRODUCERS, AND

THEY ARE NOT CONSIDERING THE INTERESTS OF PRODUCERS".

--THE FONOFF (ITAMARATY) CONFIRMED THAT THE SITUATION IS TENSE, AND DIPLOMATIC DISPATCHES REVEAL THAT THE US POSITION IS SURPRISING AND REPRESENTS A BREAK WITH EARLIER PLEDGES NEGOTIATED IN WASHINGTON AND BRASILIA. A DIPLOMATIC SPOKESMAN SAID THAT INGERSOLL SIMPLY ANNOUNCED THAT EARLIER CONVERSATIONS WERE REVOKED AND (THE US WAS) MAKING A NEW PROPOSAL. A SPOKESMAN FROM THE MINISTRY OF INDUSTRY AND COMMERCE INSISTED THAT THE NEW POSITION IS "A COMPLETE TURNAROUND OF THE CONSUMERS LED BY THE US".

--THE BRAZILIAN PROPOSAL, WHICH HAD THE UNANIMOUS ACCEPTANCE OF THE PRODUCERS (ONLY THE IVORY COAST MADE SOME OBJECTIONS, BUT ONLY ABOUT SURMOUNTABLE DETAILS). ACCORDING TO A BRAZILIAN SPOKESMAN: "EVERYTHING WAS NEGOTIATED AND ONLY THE US REACTED (AGAINST) THE BRAZILIAN DEMAND THAT PRICES BE READJUSTED PERIODICALLY WITH A MONETARY CORRECTION, BUT QUOTA POLICY BASED ON EARLIER EXPORTS AND ON EXISTING STOCKS WAS THE IMPORTANT (ISSUE)." IN A LENGTHLY INSIDE PAGE STORY, THE JORNAL DE BRASILIA QUOTED CALAZANS' STATEMENT REPORTED REFTEL AND GAVE A CRITICAL SUMMARY OF THE CONSUMERS' PAPER ON OBJECTIVES.

3. A STORY ON THE SAME TOPIC IN THE PRESTIGIOUS O ESTADO DE SAO PAULO ALSO CARRIED EXTENSIVE QUOTES FROM CALAZANS' STATEMENT, INCLUDING CHARGES THAT THE CONSUMERS' PROPOSAL IS "DAMAGING TO THE MOST LEGITIMATE INTERESTS OF PRODUCERS AND (REPRESENTS) SPECIFICALLY DISCRIMINATION AGAINST BRAZIL," AND IS "CLEARLY HOSTILE TO THE POINTS OF VIEW REPEATEDLY DEFENDED BY BRAZIL".
CRIMMINS

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